

### Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	567.75	0.00	3.00	570.75	0.00	5.00	572.75	572.75
Personal Services	23,773,529	2,123,495	142,290	26,039,314	2,200,011	236,456	26,209,996	52,249,310
Operating Expenses	9,178,091	752,589	267,837	10,198,517	1,115,939	335,460	10,629,490	20,828,007
Equipment	41,010	0	0	41,010	0	0	41,010	82,020
Grants	8,598,188	1,053,964	0	9,652,152	1,303,964	0	9,902,152	19,554,304
Benefits & Claims	31,322,620	7,192,219	7,117,069	45,631,908	7,885,001	2,950,471	42,158,092	87,790,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	80,093	0	0	80,093	0	0	80,093	160,186
<b>Total Costs</b>	<b>\$72,993,531</b>	<b>\$11,122,267</b>	<b>\$7,527,196</b>	<b>\$91,642,994</b>	<b>\$12,504,915</b>	<b>\$3,522,387</b>	<b>\$89,020,833</b>	<b>\$180,663,827</b>
General Fund	36,594,770	5,875,617	321,967	42,792,354	6,697,470	315,343	43,607,583	86,399,937
State/Other Special	4,671,445	470,505	6,742,767	11,884,717	547,053	1,002,033	6,220,531	18,105,248
Federal Special	31,727,316	4,776,145	462,462	36,965,923	5,260,392	2,205,011	39,192,719	76,158,642
<b>Total Funds</b>	<b>\$72,993,531</b>	<b>\$11,122,267</b>	<b>\$7,527,196</b>	<b>\$91,642,994</b>	<b>\$12,504,915</b>	<b>\$3,522,387</b>	<b>\$89,020,833</b>	<b>\$180,663,827</b>

### Page Reference

Legislative Budget Analysis, B-193

### Funding

The Addictive and Mental Disorders Division (AMDD) is supported by a combination of general fund, state special revenue, and federal funds. General fund supports 50 percent of the FY 2004 base budget declining slightly to 49 percent in each year of the 2007 biennium. Despite the decline in total percentage, general fund increases from \$37 million in the base budget to about \$44 million in FY 2007.

The largest share of general fund supports two state institutions – Montana State Hospital (MSH) and Lewistown nursing care center – incurring \$26 million in costs in FY 2004, rising to \$29 million in FY 2007.

General fund also pays the state match for mental health Medicaid benefits, accounting for \$5 million of base budget funding and rising to \$8 million in FY 2007. About \$3 million of the biennial general fund increase is due to higher state Medicaid matching rates, including the offset for the temporary increase in federal match rate during FY 2004. Annualization of Program for Assertive Community Treatment (PACT) increases in FY 2005 add \$1.5 million general fund over the biennium.

Federal funds support 43 percent of the base budget, rising to 44 percent of total funding during the 2007 biennium. Medicaid caseload increases and annualization of start up costs for new services, including group home and PACT programs, contribute to the rising share of federal funding.

The single largest source of federal revenue is federal match for Medicaid services and administration, accounting for 33 percent (\$24 million) of base budget funding and increasing to 34 percent (\$30 million) of FY 2007 funding. The next most significant source of federal funding is the federal block grant for Addiction Disorders and Diseases, which accounts for 8 percent (\$7 million) of the FY 2007 amount. This block grant supports Montana Chemical Dependency Center (MCDC) and local state approved chemical dependency programs.

There are three mental health block grants. One supports outreach and services for mentally ill homeless persons (\$0.3 million per year) and requires a 25 percent state match. Another supports development of a management information system (\$0.1 million per year).

The third federal mental health block grant is about \$1 million per year and requires a state maintenance of effort (MOE). The MOE is based on the average of two years of state expenditures for certain types of mental health services, predominantly community services. Since the Montana State Hospital (MHSP) program was scaled back from the 2003 biennium and since mental health service reductions were implemented to contain general fund costs within budgeted amounts, DPHHS did not meet the required MOE in FY 2004.

State special revenue supports 6 percent of base budget expenditures, rising to 10 percent over the 2007 biennium, largely due to the \$6.5 million biennial appropriation from I-149 revenues for the Mental Health Services Plan. One-time expenditures of tobacco settlement revenues of \$2.8 million to support mental health prescription drug costs in FY 2004 were removed from the base budget because they were supported by a one-time diversion of tobacco settlement revenue in SB 495 passed by the 2003 Legislature, (17-6-606, MCA). The legislature continued funding for MHSP by appropriating \$3.25 million in tobacco funds (I-149) to continue the program. The legislature approved the use of MHSP funds in FY 2007 to implement the proposed HIFA waiver, which is discussed in more detail in the agency overview of Medicaid redesign proposals.

### *Alcohol Tax Funds*

Alcohol tax revenues are the single largest source of state special revenue funds, providing 4 percent of division funding. DPHHS receives portions of wine and beer taxes and liquor license tax revenue, which are deposited into a state special revenue account.

Alcohol tax revenues allocated to DPHHS are expected to increase about \$0.8 million from the FY 2004 base through the 2007 biennium (from \$5.0 million to \$5.8 million). Expenditures from the fund are expected to grow from \$5.2 million to \$5.7 million.

The major expenditure from alcohol state special revenue is for support of the MCDC at \$2.9 million annually (49 percent of the total alcohol tax funding). Since revenue is projected to be less than expenditures, the legislative budget includes a new proposal to fund part of MCDC operations from the general fund (about \$0.1 million over the biennium).

There are two statutory appropriations of alcohol tax revenues (53-24-109(1)(a) and (1)(b), MCA):

3. 20 percent is distributed to county programs; and
4. 6.6 percent is distributed to county programs that serve persons with a mental illness and a chemical dependency.

About 9 percent of the alcohol state special revenue is appropriated to support Medicaid chemical dependency services and administration and about 5 percent of the total supports AMDD administration of non-Medicaid chemical dependency services. About 2 percent supports cost allocated administration in AMDD and other programs in DPHHS. The balance of the legislative appropriation from alcohol tax funds is:

- Department of Justice –personal service costs of scientists and chemists who analyze blood and urine samples in connection with driving under the influence (DUI) cases at the Missoula crime lab
- Quality Assurance Division, DPHHS – licensure of state approved chemical dependency programs
- Montana State Hospital – personal services costs for chemical dependency counselors to provide services to MSH patients who are chemically dependent
- Department of Corrections – the chemical dependency program at Pine Hills in Miles City
- Department of Labor and Industry – operating and staff costs for Professional and Occupational Licensing (POL) for addiction counselors

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,745,405						1,819,970
Vacancy Savings				(1,020,739)						(1,023,718)
Inflation/Deflation				55,368						39,830
Fixed Costs				(153,385)						(88,510)
<b>Total Statewide Present Law Adjustments</b>				<b>\$626,649</b>						<b>\$747,572</b>
DP 19 - Medicaid Caseload - Mental Health	0.00	1,187,099	0	3,031,886	4,218,985	0.00	1,369,587	0	3,185,573	4,555,160
DP 26 - FMAP Enhancement Adjustment - Mental Health	0.00	725,924	0	(725,924)	0	0.00	725,924	0	(725,924)	0
DP 32 - FMAP Adjustment - Mental Health	0.00	547,120	0	(547,120)	0	0.00	711,256	0	(711,256)	0
DP 46 - Montana State Hospital Base Funding Adjustments	0.00	1,324,307	0	0	1,324,307	0.00	1,324,307	0	0	1,324,307
DP 48 - MT Mental Health Nursing Care Center Base Adj	0.00	291,238	0	0	291,238	0.00	291,238	0	0	291,238
DP 51 - PACT Caseload	0.00	745,152	0	1,731,678	2,476,830	0.00	861,684	0	1,845,260	2,706,944
DP 55 - Division Central Office Rent	0.00	2,783	139	1,716	4,638	0.00	4,217	211	2,600	7,028
DP 62 - Montana State Hospital Present Law Adjustments	0.00	523,818	0	0	523,818	0.00	746,455	0	0	746,455
DP 63 - MT Mental Health Nursing Care Ctr Present Law Adj	0.00	161,066	0	0	161,066	0.00	190,087	0	0	190,087
DP 97 - MT Chemical Dependency Center Present Law Adj	0.00	0	0	100,084	100,084	0.00	0	0	160,049	160,049
DP 99 - Medicaid Caseload - Chemical Dependency	0.00	0	66,525	160,602	227,127	0.00	0	105,803	247,817	353,620
DP 103 - FMAP Enhancement Adjustment - Chemical Dependency	0.00	0	37,712	(37,712)	0	0.00	0	37,712	(37,712)	0
DP 104 - FMAP Adjustment - Chemical Dependency	0.00	0	30,648	(30,648)	0	0.00	0	39,843	(39,843)	0
DP 105 - MT Chemical Dependency Center Base Adjustments	0.00	0	17,704	13,720	31,424	0.00	0	24,887	6,537	31,424
DP 107 - Continue Data Infrastructure and Integration Grant	0.00	0	0	75,000	75,000	0.00	0	0	75,000	75,000
DP 126 - Mental Health Block Grant	0.00	0	0	960,525	960,525	0.00	0	0	960,525	960,525
DP 132 - Substance Abuse Prevention Treatment Increase	0.00	0	0	250,000	250,000	0.00	0	0	500,000	500,000
DP 179 - Discontinue State Incentive Grant Authority	0.00	0	0	(165,097)	(165,097)	0.00	0	0	(165,097)	(165,097)
DP 180 - Authority to Maximize PATH Grant	0.00	2,134	0	6,402	8,536	0.00	2,134	0	6,402	8,536
DP 181 - Correct Accounting Error	0.00	0	269,277	0	269,277	0.00	0	269,277	0	269,277
DP 9999 - Statewide FTE Reduction	0.00	(241,164)	(3,360)	(17,616)	(262,140)	0.00	(235,974)	(3,389)	(17,847)	(257,210)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,269,477</b>	<b>\$418,645</b>	<b>\$4,807,496</b>	<b>\$10,495,618</b>	<b>0.00</b>	<b>\$5,990,915</b>	<b>\$474,344</b>	<b>\$5,292,084</b>	<b>\$11,757,343</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$11,122,267</b>						<b>\$12,504,915</b>

DP 19 - Medicaid Caseload - Mental Health - The legislature added about \$9 million (including \$2.5 million general fund) over the biennium to fund growth in service utilization and the number of adults eligible for Medicaid mental health services. Base budget expenditures were \$28.4 million.

DP 26 - FMAP Enhancement Adjustment - Mental Health - The federal Jobs and Growth Tax Relief Reconciliation Act temporarily increased the federal Medicaid match rate by 2.95 percent during FY 2004. The legislature approved close to \$1.5 million general fund and an offsetting decrease of federal funds for the biennium to reflect the removal of the enhanced federal match rate in FY 2006 and FY 2007. DP 103 includes funding changes for the same issue for chemical dependency Medicaid services.

DP 32 - FMAP Adjustment - Mental Health - The legislature added about \$1.3 million general fund over the biennium, with an offsetting decrease in federal funds, due to projected reductions in the federal Medicaid rates for FY 2006 and FY 2007. Medicaid match rates are adjusted annually based on changes in state per capita income compared to the national change. The federal match rate for Montana declined from 72.81 percent in FY 2004 (after adjusting for the enhanced rate in DP 26) to 70.71 percent in FY 2006 and 70.08 percent in FY 2007. This funding switch maintains base level Medicaid expenditures for mental health services and does not include any funding for eligibility or service utilization changes during the 2007 biennium. DP 104 includes funding changes for the same issue in chemical dependency Medicaid services.

DP 46 - Montana State Hospital Base Funding Adjustments - The legislature added \$2.7 million general fund over the biennium for personal services costs that were removed from the FY 2004 base budget including overtime, differential, holidays worked, holiday pay (compensation according to union contracts), physician on-call, and aggregate FTE funding. These costs are incurred in operating a medical facility with 24 hour staffing and are zero based. FY 2004 base budget amounts were \$1,324,307.

DP 48 - MT Mental Health Nursing Care Center Base Adj - The legislature approved \$0.6 million general fund for personal services costs that were removed from the FY 2004 base budget for Montana Mental Health Nursing Care Center (MMHNCC), including overtime, differential, and holidays worked. These are costs related to operating a medical facility with 24 hour staffing. Aggregate positions are used to provide coverage for staff on sick leave, vacation leave, and in nurse aide training classes. The request for \$582,476 general fund for the 2007 biennium is the difference between actual hours worked and budgeted FTE hours. FY 2004 base budget amounts were \$291,238.

DP 51 - PACT Caseload - The legislature approved and restricted appropriations of \$3 million general fund and \$6 million federal funds over the biennium to support base level and additional Program for Assertive Community Treatment (PACT) services started during FY 2005 as well as the expansion approved for the 2007 biennium. Base year expenditures include two PACT programs with 140 slots. Beginning in FY 2005, PACT grew to five programs with an expected capacity of 290 slots by the beginning of FY 2006. The legislature added another 60 slots over the 2007 biennium for a total of 350 slots in FY 2007. Figure 10 shows the anticipated program capacity by location.

Base year Medicaid costs for PACT were \$1.7 million. This adjustment will more than double the amount spent for PACT services.

DP 55 - Division Central Office Rent - The legislature added \$7,000 general fund, \$350 state special revenue, and \$4,316 federal funds over the biennium to maintain contracted rent increases for the central office. The building lease rate increases 2 percent annually.

DP 62 - Montana State Hospital Present Law Adjustments - The legislature approved nearly \$1.3 million general fund over the biennium for several cost increases at the state hospital. The funds support inflation in outside medical services for treatment of MSH clients for other medical problems, pharmacy costs, and contract costs with the Montana State Prison for cook-chill meals, and other replacement equipment and fire department costs. Cost increases for pharmacy and medical costs are estimated at 10 percent annually from the base budget and 5 percent annually for the cook/chill contract with the state prison.

Figure 10  
PACT Programs and Number  
of Slots by Fiscal Year

PACT Sites	2004	2005	2006	2007
Billings	70	70	70	70
Helena	70	70	70	70
Kalispell	0	50	65	70
Missoula	0	50	65	70
Great Falls	0	50	65	70
Total	140	290	335	350
% Over Base		107%	139%	150%

DP 63 - MT Mental Health Nursing Care Ctr Present Law Adj - The legislature added \$351,153 general fund over the biennium for the Montana Mental Health Nursing Care Center for:

- Pharmacy and prescription fees - \$255,923 biennial increase; FY 2004 base was \$496,164
- Outside medical services - \$42,830 biennial increase; FY 2004 base was \$79,169
- Replacement equipment - \$52,400 biennial increase; FY 2004 base was \$27,010

These increases represent cost changes of 10 percent annually for both pharmacy and outside medical services.

DP 97 - MT Chemical Dependency Center Present Law Adj - The legislature added \$260,133 alcohol tax state special revenue over the biennium for several cost increases anticipated at the Montana Chemical Dependency Center (MCDC). Funding supports inflation in outside medical services delivered by other health care providers, pharmacy costs, and other replacement equipment and leases. Also included is non-state building rent and food contract increases. Base year costs for these items were about \$900,000, with food and rent costs comprising more than 67 percent of the total base year costs.

DP 99 - Medicaid Caseload - Chemical Dependency - The legislature approved \$580,746 total funds, including \$172,328 in state special revenue, over the biennium for Medicaid caseload growth in the chemical dependency program. Caseloads are anticipated to grow by about 6 percent per year from the base budget level of \$1,459,446.

DP 103 - FMAP Enhancement Adjustment - Chemical Dependency - The legislature approved \$37,712 of alcohol state special revenue each year of the biennium, with an offsetting decrease in federal funds, to reflect the one-time enhancement in the federal Medicaid rate in FY 2004. The enhancement was enacted as part of federal fiscal relief for states. DP 26 includes funding changes for adult mental health services for the same issue.

DP 104 - FMAP Adjustment - Chemical Dependency - The legislature added \$70,491 alcohol tax state special revenue over the biennium, with an offsetting decrease in federal funds, due to projected changes in the federal Medicaid match rates in FY 2006 and FY 2007. This adjustment reflects the state match necessary to maintain the level of FY 2004 expenditures, not including any caseload or service utilization increases over the 2007 biennium. DP 32 includes funding changes for adult mental health services for the same issue.

DP 105 - MT Chemical Dependency Center Base Adjustments - The legislature approved \$42,591 in state special revenue and \$20,257 in federal funds over the biennium for personal services costs at the Montana Chemical Dependency Center (MCDC). These services include holidays worked, overtime, differential, and physician on-call necessary to maintain minimum staffing requirements at a 24 hour day, seven day a week facility. These personal services costs are removed from the base budget and must be reauthorized by the legislature each biennium. The amount requested is equal to the amount expended in the FY 2004 base budget.

DP 107 - Continue Data Infrastructure and Integration Grant - The legislature approved the executive request for \$150,000 in federal funds over the biennium to continue development of a uniform management information system. Base expenditures were about \$70,000. The grant finances state efforts to prepare data systems for the Substance Abuse and Mental Health Services Administration conversion to performance partnership grants as required by Congress. Performance partnership grants will become outcome and performance-based. Management and accounting for the federal mental health services block grant also will be affected by this change.

DP 126 - Mental Health Block Grant - The legislature added \$960,525 federal funds for the mental health block grant each year of the biennium. The 2004 federal fiscal year grant was withheld due to a short fall in the federal fiscal year 2003 maintenance of effort (MOE) paid by Montana. The shortfall occurred because of general fund budget reductions made for mental health during the 2003 biennium. The federal fiscal year 2004 grant has been awarded subsequent to state fiscal year end 2004 with contingency language based on the DPHHS request for a waiver of the MOE requirement.

The mental health block grant funds augment the Mental Health Services Plan (MHSP) and are currently included in the MHSP contracts with mental health centers. Funds appropriated for mental health services during the 2007 biennium are adequate to meet MOE requirements until the HIFA waiver is implemented.

DP 132 - Substance Abuse Prevention Treatment Increase - The legislature approved \$750,000 in additional federal authority over the biennium from the Substance Abuse and Prevention Treatment Block Grant to help expand existing services including alcohol and drug treatment and prevention programs. The grant is used for community chemical dependency services for adults and adolescents. The grant funds are intended to help the state develop an effective system of chemical alcohol and drug treatment and prevention programs.

DP 179 - Discontinue State Incentive Grant Authority - The legislature reduced \$165,097 federal funds each year of the biennium due to discontinuation of the State Incentive Grant, which was completed in FY 2004. This grant supported training assistance to communities to assist in planning for alcohol prevention and programming.

DP 180 - Authority to Maximize PATH Grant - The federal Projects for Assistance in Transition from Homelessness (PATH) grant is \$300,000 annually. The grant requires a 25 percent state match. In FY 2004, the federal grant was underspent by \$6,402. The legislature approved restoration of the authority for the federal grant of \$12,804 and the required general fund match of \$4,268 over the biennium.

DP 181 - Correct Accounting Error - This legislature added \$538,554 alcohol tax state special revenue over the biennium to correct an accounting error. A fiscal-year-end adjustment to reduce state special revenue and increase federal funding for personal services was incorrectly recorded in the state accounting system. The federal funds increase was made in personal services and the state special revenue reduction was recorded in benefits and services. Since personal services is based on a snapshot of FTE costs, the correct amounts carried forward. However, the reduction in benefits and services also carried forward, understating costs for MCDC.

DP 9999 - Statewide FTE Reduction - The legislature accepted the executive request to reduce personal services funding by \$477,000 general fund, equivalent to the cuts taken in the 2003 legislative session. Federal funds were reduced \$35,000 and state special revenue was lowered by \$7,000. The legislature did not remove the FTE slots associated with the funding reduction. The additional vacancy savings are allocated to the state hospital, the nursing care center, and division administration.

### New Proposals

New Proposals											
-----Fiscal 2006-----						-----Fiscal 2007-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 50 - MT Mental Health Nursing Care Center Bed Tax	33	0.00	180,127	0	0	180,127	0.00	211,915	0	0	211,915
DP 58 - Enhance Community Psychiatric Access	33	0.00	66,987	0	161,715	228,702	0.00	68,428	0	160,274	228,702
DP 70 - Regional Staffing and Operating	33	3.00	0	0	97,500	97,500	5.00	0	0	162,501	162,501
DP 86 - Staff Training to Reduce Violence and Improve Communication	33	0.00	35,000	0	0	35,000	0.00	35,000	0	0	35,000
DP 193 - Chemical Dependency Admin Fund Switch	33	0.00	39,853	(39,853)	0	0	0.00	0	0	0	0
DP 3002 - Mental Health Services	33	0.00	0	6,500,000	0	6,500,000	0.00	0	0	0	0
DP 3008 - Medicaid Adult Mental Health	33	0.00	0	198,429	0	198,429	0.00	0	198,429	0	198,429
DP 3707 - Expand Intensive Community-Based Rehabilitation	33	0.00	0	84,191	203,247	287,438	0.00	0	172,003	402,872	574,875
DP 3708 - Develop Home and Community-Based Waiver	33	0.00	0	0	0	0	0.00	0	631,601	1,479,364	2,110,965
Total	3.00	\$321,967	\$6,742,767	\$462,462	\$7,527,196	5.00	\$315,343	\$1,002,033	\$2,205,011	\$3,522,387	

DP 50 - MT Mental Health Nursing Care Center Bed Tax - The legislature approved about \$382,000 general fund for the biennium to pay the bed tax charged for Montana Mental Health Nursing Care Center at the budgeted FY 2005 level and restricted the appropriation for use only to pay bed taxes. The 2003 Legislature enacted HB 743 to impose the nursing home bed utilization fee on the nursing care center (15-60-101, MCA). The proposal is revenue neutral, as a like amount will be deposited in the general fund.

DP 58 - Enhance Community Psychiatric Access - The legislature added \$135,415 in general fund and \$457,404 in total funds during the biennium to increase the rate paid for community psychiatric services by 20 percent. Base expenditures for psychiatric services were \$994,356. The legislature also added a reporting requirement to track whether the rate increase enhanced access to psychiatric services.

DP 70 - Regional Staffing and Operating - The legislature provided funding for 5.00 new FTE for the mental health program as requested by the executive. The staff will be located in regional offices. The proposal adds \$250,000 of federal funds for the biennium. The general fund portion of staff and operating costs (\$250,000) is removed from the general fund appropriation for MHSP services resulting in no net change to total general fund appropriation levels.

Staff will be responsible for working directly with providers to perform quality assurance and program monitoring, technical assistance regarding DPHHS rules and expectations, policy interpretation, and liaison functions between Helena program managers and local service providers. Staff will undertake specific problem solving for consumer placement and service issues. They will work locally to develop service capacity and would provide coordinating activities for communities to be proactive in the service system and would provide initial staff support for Service Area Authorities. The new FTE will work with MSH staff to facilitate movement of individuals between facility-based services and community services.

The legislature added a requirement that 2.00 of the newly funded FTE must work on the development of community crisis services. The legislature also added a reporting requirement so that work accomplishments of the FTE could be monitored by legislators during the interim.

DP 86 - Staff Training to Reduce Violence and Improve Comm - The legislature approved \$70,000 in general fund over the 2007 biennium for state hospital staff training in response to new federal initiatives that call for reducing and eventually eliminating the use of restraint and seclusion interventions in adult and children's inpatient and residential psychiatric programs. This funding will provide training and consultation necessary to help MSH staff develop skills to provide alternative intervention strategies. Programs in use in other state hospitals have resulted in reductions in patient and staff injury rates and improved therapeutic outcomes.

DP 193 - Chemical Dependency Admin Fund Switch - The legislature authorized about \$40,000 general fund in FY 2006 to cover a shortfall in the alcohol tax state special revenue account. This amount was about \$60,000 less than requested in the executive budget (\$101,192 general fund over the biennium). The reduction in the general fund request was made by the legislature because a one-time expenditure for \$40,000 of state special revenue was carried forward in the base budget and in each year of the 2007 biennium. After removing the one-time expenditure, there was \$80,000 more alcohol tax revenue projected to be available to offset most of the general fund requested by the executive.

DP 3002 - Mental Health Services - The legislature approved the executive request for \$6.5 million over the biennium in I-149 tobacco tax funding to support the Mental Health Services Plan, which provides prescription drugs and other services for low-income adults with a serious and disabling mental illness. During the 2005 biennium, these services were funded through a one-time diversion of tobacco settlement funds authorized in 17-6-606, MCA (SB 485 passed by the 2003 Legislature).

The executive is proposing to use the MHSP state funding in FY 2007 to draw down additional federal Medicaid funds as part of HIFA waiver incorporated into the Medicaid redesign proposal, which will expand Medicaid eligibility to a capped number of persons currently eligible for the 100 percent state funded program. Medicaid redesign proposals are summarized in the DPHHS overview.

DP 3008 - Medicaid Adult Mental Health - The legislature added \$396,858 in I-149 tobacco tax state special revenue over the biennium to continue Medicaid mental health services at the level of the 2005 biennium. During the 2005 biennium, these services were funded through a one time diversion of tobacco settlement funds authorized in 17-6-606, MCA (SB 485 passed by the 2003 Legislature).

DP 3707 - Expand Intensive Community-Based Rehabilitation - The legislature appropriated about \$290,000 of state special I-149 funds and \$570,000 in federal Medicaid matching funds to implement the executive request to add seven beds for intensive community-based rehabilitation for adults with severe and disabling mental illness. The legislature delayed implementation of the proposal until January 1, 2006.

This proposal allows persons to be served in the community who would otherwise remain in a state mental health institution. The legislature first funded this type of service in the 2005 biennium when about 30 persons were moved from the nursing care center to the community.

DP 3708 - Develop Home and Community-Based Waiver - The legislature accepted the executive proposal to implement a home and community-based Medicaid waiver for adults with a severe and disabling mental illness, similar to the waivers already administered for elderly, physically disabled, and developmentally disabled adults. The legislature appropriated about \$0.6 million of state special revenue from I-149 tobacco tax revenue and about \$1.5 million of federal Medicaid matching funds in FY 2007 to implement the waiver. The executive estimates that funding will be sufficient to support about 105 service slots. Depending on the required service intensity, more than 105 persons could be served.

### **Language**

The legislature approved the following language for inclusion in HB2:

“Addictive and Mental Disorders Division includes funding for 3.00 FTE in fiscal year 2006 and 5.00 FTE in fiscal year 2007. Funding for 1.00 FTE in fiscal year 2006 and 2.00 FTE in fiscal year 2007 is added to ensure that the addictive and mental disorders division has adequate resources to plan for and implement development of community mental health crisis services. The department shall prepare a report for the legislative finance committee and include: the hire date for all FTE, including those who will support crisis services planning and implementation; the plan adopted by the division for development and implementation of community crisis services; and the progress made toward implementation of the plan. The report must also include information describing the other duties performed by the FTE and provide outcome measures to facilitate legislative evaluation of the effectiveness of the regional FTE. The department shall report to the legislative finance committee by September 1, 2005, and every 6 months thereafter.

Addictive and Mental Disorders Division includes funding for a rate increase for psychiatric services. The department shall report to the legislative finance committee by September 1, 2005, and every 6 months thereafter on the amount of rate increase given, the number of services provided, and assessment of whether the rate increase facilitated access to psychiatrists for low-income persons with a serious and disabling mental illness.

Funds in PACT Services (Restricted) may be used only for the program for assertive community treatment (PACT). The department shall report to the legislative finance committee by September 1, 2005, and every 6 months thereafter on the number of PACT teams, number of persons served in PACT, and PACT outcome measures tracked by the department.

In fiscal year 2006, funds in Mental Health Services Plan (Biennial/Restricted) may be used only for the mental health services program authorized in 53-21-702(2) and for state medicaid matching funds to implement Senate Bill No. 110.”